

AGENDA: June 6, 2019

TO: Regional Transportation Commission (RTC)
FROM: Rachel Moriconi, Senior Transportation Planner
RE: Transportation Funding Updates and Priority Projects

RECOMMENDATIONS

Staff recommends that the Regional Transportation Commission (RTC):

1. Receive updates on various transportation funding programs;
 2. Provide input on priority projects for transportation funding programs (Attachment 1) and provide direction to staff on which projects to prioritize for grant applications through 2020; ~~and~~
 3. Consider the range of programming options and competing priorities, and provide direction to staff ~~to issue a consolidated call for projects for on~~ programming methodology for ~~of~~ RTC-discretionary 2020 State Transportation Improvement Program (STIP), Surface Transportation Block Grant Program/Regional Surface Transportation Program Exchange (STBG/RSTPX), Local Partnership Program-formula (LPP-f), and Highway Infrastructure Program (HIP) funds; ~~and-~~
 4. Direct staff to continue to meet with its stakeholders for input and return to the RTC in August or September with a proposed process and timeline for programming the RTC's discretionary funds.
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BACKGROUND

Transportation projects in Santa Cruz County are funded by a combination of state, federal, and local funds. As outlined in the Regional Transportation Plan (RTP), the majority of revenues available for transportation projects are restricted to certain uses (e.g. transit, the State Highway Operation and Protection Program (SHOPP), state gas tax revenues allocated directly to cities and counties, local sales taxes). The RTC has discretion over less than 5% of funds. These discretionary funds include regional shares of Surface Transportation Block Grant Program/Regional Surface Transportation Program Exchange (STBG/RSTPX), State Transportation Improvement Program (STIP), new SB1 Local Partnership Program-formula (LPP-f), and one time Highway Infrastructure Program (HIP) funds. These funds and their available uses are described in more detail in Attachment 2. The RTC typically programs the region's discretionary funds through a competitive process, based on the RTC's Rules and Regulations, goals identified in the RTP, state and federal guidelines, and taking into consideration regional priorities, including those that may cross jurisdictional boundaries. On average \$6-7 million in RTC discretionary funds are available for programming each year.

In addition to RTC-Discretionary funds, there are a few state and federal competitive grant opportunities that staff recommends submitting applications for over the next year

(Attachment 3). Local and RTC-discretionary funds can be used to leverage those grants. Agencies in Santa Cruz County would be eligible to compete for over \$450 million per year in statewide competitive grants that are available for congested corridors, active transportation projects, and state-local partnership program for regions/agencies with local transportation sales taxes and fees.

DISCUSSION

Regional Priorities

As regularly discussed at Regional Transportation Commission (RTC) meetings, there are many important transportation projects in our region. Unfortunately, even with a boost of funds from Measure D and Senate Bill 1 for local road, transit, highway, trail and rail projects, existing revenues remain insufficient to fully fund all of the priority projects and ongoing maintenance of the existing transportation network. Therefore, it is helpful to periodically revisit the list of priorities to ensure that limited funds are focused on the highest priority projects and to provide direction to RTC staff and other agencies on which projects to prioritize when seeking grants and prioritizing projects for RTC discretionary funds. Caltrans is also currently requesting that agencies identify any new state highway projects that they plan to fund or seek state grants for in the next 3 years that may require development of a Project Initiation Document (PID).

RTC, local jurisdictions, stakeholder groups, and the public have identified numerous priorities for the transportation system, through the long range Santa Cruz County Regional Transportation Plan (RTP), Measure D, the Unified Corridor Investment Study (UCIS) preferred scenario for the Watsonville-Santa Cruz corridor (approved January 2019), the Highway 9/San Lorenzo Valley (SLV) Complete Streets Corridor Plan, the Highway 17 Access Management Plan, the Unmet Transit Needs List (updated each May), local Bicycle Plans and Active Transportation Plans, and other planning efforts. A summary of some of the high priority regional projects that have been identified is included in Attachment 1: Priority Projects list. The list is focused on regional projects that facilitate travel between jurisdictions, provide access to major destinations, and are used by residents of multiple jurisdictions; it includes projects that are critical for goods movement, and fill gaps in the multimodal regional network.

Balancing ongoing maintenance of existing transportation infrastructure and services, while also addressing safety, travel between jurisdictions (whether by car, bike, foot, or transit), access and mobility, equity, economic and air quality goals can be challenging when funds are limited. **Staff recommends that the RTC review the PRELIMINARY list of priorities (Attachment 1) which might compete for state, federal, and/or RTC-discretionary funds through 2020. This list, originally developed by the RTC several years ago, is in draft form and is not presented in any sort of priority order.** At the April Interagency Technical Advisory Committee (ITAC) meeting, staff requested that local agencies identify priorities, as well as provide updates on previously programmed projects. No agencies have yet submitted their priority lists and will need to provide additional input as to whether this list represents their priorities. Staff will continue to work with project sponsors and advisory committees to update the list of priority projects that are possible

candidates for RTC discretionary funds (STIP, STBG/RSTPX, LPP-formula, and HIP), as well as other state and federal grants.

RTC Discretionary Programs:

As the Regional Transportation Planning Agency (RTPA) for Santa Cruz County, the Santa Cruz County Regional Transportation Commission (RTC) is responsible for selecting projects to receive approximately \$6-7 million in discretionary state and federal funds per year. This is less than 5% of the total local, state, and federal transportation funds that are typically available for transportation projects in Santa Cruz County. Most of these discretionary funds are available for a wide range of projects, including highway, local street and road, transit, paratransit, and community transportation services, public mass transit guideways, grade separations, bicycle, pedestrian, transportation system management, transportation demand management, soundwalls, intermodal facilities, safety, and bridge projects. (See Attachment 2 for more information on eligible uses of each fund.) Cities, the County of Santa Cruz, the Regional Transportation Commission (RTC), Caltrans, University of California Santa Cruz (UCSC), Santa Cruz Metro, and non-profit agencies (with public agency sponsorship) are among those eligible to apply for the funds.

This year, staff estimates that the following RTC-discretionary funds are available for programming:

RTC-Discretionary Programs	Funds	Notes
State Transportation Improvement Program (STIP)-regional shares	\$5-7 million through FY24/25 <i>(total TBD by 8/19 CTC Fund Estimate)</i>	Available for most transportation projects, except ongoing transit and local road maintenance and operations. CTC draft fund estimate expected mid-June. Subject to concurrence from CTC; RTC must select projects by 12/15/19.
Surface Transportation Block Grant Program/ Regional Surface Transportation Program Exchange (STBG/RSTPX)	Approximately \$3 million per year, starting in FFY19	RTC typically programs 2-3 years of funds at a time. RTC process is usually combined with STIP when there is capacity in the STIP. Available for wide range of transportation projects. Match: 11.47%
Highway Infrastructure Program (HIP)	\$680,000 (one time)	One-time infusion of federal funds available for highway, bridge and local road projects. Must be obligated by 9/30/21. <i>Not eligible: Rural minor collectors or local access, transportation alternatives (bike/ped), ferries, transit, or transportation planning and studies.</i> Match: 13.5%
Local Partnership Program-formula (LPP-f)	Approx. \$300,000 per year	Funds available FY19/20-FY20/21, may be carried over to future years. Submittals due to CTC 12/10/19. Match: 1-to-1
Measure D Highway Corridor funds available for Transportation Demand Management (TDM) programs	\$100,000 (one time)	Proposed in Measure D 5-year plan for FY19/20-20/21.

The RTC typically selects (programs) projects to receive its discretionary funds through a competitive application process, which includes evaluation of project benefits, review by the RTC's advisory committees, a public hearing, and adoption by the RTC board.

~~Similar to years past, staff recommends selecting projects for several funding programs through a consolidated programming process in 2019. Staff has been recommending~~ **a consolidated application process for several reasons, including:**

- The RTC has discretion over less than 5% of the transportation funds available for projects in Santa Cruz County.
- A consolidated process reduces the amount of time the RTC and project sponsors spend on the programming process. Most local agencies have repeatedly requested that the RTC combine the application process for several funding sources, rather than having multiple calls for project that would require submittal of different applications for each fund source. Having separate call for projects, especially for small funding amounts (e.g. \$300,000 in LPP in FY19/20) would not be efficient.
- A consolidated process allows RTC to work with project sponsors and public to identify projects with the greatest benefits that also meet state and federal mandates to implement the Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS).
- Programming discretionary funds (e.g. STIP, STBG/RSTPX, LPP-f, and local funds) to priority projects can help leverage competitive grants, since agencies that show they are programming discretionary funds to priority projects are generally more successful in receiving competitive grants.
 - Staff and project sponsors will also be looking at opportunities to use RTC-discretionary funds to leverage other statewide and federal competitive grants. This may include things like initiating pre-construction work with regional funds, so that projects that have been identified as regional priorities are "shovel ready" and able to compete (see [Attachment 3](#)).
- A consolidated process allows RTC to consider discretionary funds for regional priorities identified through public processes, including those identified through the Unified Corridor Investment Study (UCIS) and other strategic plans.
- A consolidated process allows RTC staff to work with projects sponsors to identify the most appropriate fund source for each project, and provides the flexibility to focus STIP, LPP-formula and other funds which have more "strings" attached (e.g. federal funds and funds that flow through the CTC) to projects or project sponsors that are better equipped to meet those requirements, while considering regional priorities for our diverse transportation system. It also allows RTC and project sponsors to strategize on how to maximize funding to the region (leveraging) by applying the most appropriate fund source to each project.
- The STIP has been very unpredictable over the past two decades. While SB1 will hopefully bring more stability to the STIP, actual revenues available in the STIP have often fallen short of programmed amounts, especially when gas tax revenues come in lower than projections.
 - Several times, \$0 in new STIP capacity was available, making STBG/RSTPX the only source available for regional and local projects. In 2016 price-based gas taxes dropped so low that the CTC had to delete \$750 million previously programmed to projects statewide, including \$6.44 million in STIP funds from the Harkins Slough Road/Highway 1 intersection - bicycle/pedestrian crossing.
 - Even though the RTC is responsible for selecting projects to receive the region's share of STIP funds, the CTC makes the final decision on whether projects are

included in the STIP and in what year. It is not uncommon for the CTC to program only some projects and to shift projects to later years than requested, even for previously programmed projects. When the CTC has not agreed to program or been unable to allocate funds to locally approved projects, the RTC has maintained its commitment to delivery of those projects and regularly backfilled those projects with STBG/RSTPX funds. For instance, the RTC has committed to reprogram \$6.44 million in RTC-discretionary funds (RSTPX or STIP) to the City of Watsonville's Highway 1/Harkins Slough Road Bicycle/Pedestrian Bridge project, if it does not secure Active Transportation Program (ATP) or other grant funds. The project was one point short of receiving ATP funds this past cycle and is expected to reapply in Cycle 5. If the project does not receive Cycle 5 ATP funds, the RTC will have to program STIP or STBG/RSTPX to the project to fulfill its commitment.

- A consolidated process provides the flexibility to focus STIP and LPP funds to projects that also meet CTC priorities in a given cycle, and may include sometimes swapping previously programmed RSTPX for STIP funds on larger projects.
- For local-lead projects (rather than Caltrans-lead), once STIP funds have been allocated, no supplemental STIP funds are available to cover cost increases, sometimes leaving RSTPX and local funds as the only option. For instance, prior to Measure D, RSTPX was the only fund source available to complete the Highway 1 environmental review document.
- A competitive process provides a transparent forum for the public and RTC advisory committees to weigh in on how regional funds are spent.
- A wide range of agencies and projects regularly compete for RTC-discretionary funds. For instance, a local agency may submit an application for a regionally significant intersection (e.g. projects that cross jurisdictional boundaries or are heavily used by residents of other jurisdictions, such as Highway 1/9, Highway 152/Holohan, transit or trail projects); non-profit agencies such as Ecology Action and Bike Santa Cruz County, the Health Services Agency, University of California at Santa Cruz (UCSC), Santa Cruz METRO, Lift Line, among others may also submit applications. Providing formula funds to only certain agencies would be at the exclusion of other transportation system providers.

On average, RTC has programmed 50% of its discretionary funding to cities and the county, with the balance to a mix of METRO, Caltrans, RTC, UCSC, and transportation demand management/bike and pedestrian education and safety programs implemented by non-profits.

Alternative Programming Options

County Public Works staff have suggested that all of the STBG/RSTPX funds be programmed by formula to cities and the County, rather than a consolidated competitive application process (Attachment 4). At the March and April Interagency Technical Advisory Committee (ITAC) meetings, the RTC's consolidated process and the County's recommendation for formula distribution of STBG/RSTPX were discussed, but only County of Santa Cruz staff indicated a preference for a formula program over a consolidated process. Some members present instead indicated support for a consolidated process, opposed a formula process, and/or indicated support for a process that allows them to fund larger projects. Since that time, some of the directors from ITAC member agencies have indicated a preference for a range of alternative programming methods.

For the reasons stated above, staff ~~does not recommend~~ has not been recommending

programming and allocating any of the region's discretionary funds by formula ~~this year~~. However, there are a range of options for programming RTC-discretionary funds, which are used by some other regions in the state:

- Program 100% of RTC-discretionary funds through a consolidated competitive process, with projects selected based on project benefits. **(This ~~is~~ has been the staff recommendation for STIP, STBG/RSTPX, LPP-f, HIP and Measure D-TDM funds this cycle.)**
- Program all or some portion of STBG/RSTPX to cities and the county by formula, with or without the balance available to regional priorities, with local highway, transit, rail, non-profit, UCSC, and other projects in competition;
- Program each discretionary fund through a separate process; may include a combination of competitive, formula, and non-competitive processes (setting aside some funds off the top for specific regional projects). METRO staff has expressed interest in this option, while Santa Cruz, Watsonville, Ecology Action, and others have expressed preference for a consolidated application over submitting applications several times for different programs.
- Program 100% of STIP funds to regionally-significant projects identified by the RTC, rather than a competitive process (most regional agencies program STIP funds in this way).
- Program 50% of STBG/RSTPX to cities, the county, and transit operators by formula and 50% to regional projects (similar to Measure D)
- Establish off the top targets of funds for major regional projects, providing more certainty about the balance available through a competitive pot.
- Program 100% of discretionary funds (STIP, STBG/RSTPX, LPP-f, and HIP) to only regionally-significant projects, not through a competitive process.

Staff recommends that the RTC consider the range of programming options (above) and competing priorities (Attachment 1), and provide direction to staff ~~to issue a consolidated call for projects for on~~ programming methodology of RTC-discretionary 2020 STIP, STBG/RSTPX, LPP-formula, and HIP funds. Staff will continue to meet with its stakeholders for input and will return to the RTC in August or September with the proposed process and timeline for programming these funds.

Later this year, RTC staff will also present a Measure D Implementation Plan which will further evaluate options for funding of priority projects, including cash flow model of Measure D programs/projects and potential options for bonding.

FISCAL IMPACT

Securing funding is critical to implementation of priority projects. Strategic programming can help RTC leverage additional grant funds and help local agencies avoid losing funding if they do not meet guidelines for certain programs. Any funds programmed by the RTC will be included in the *2020 Regional Transportation Improvement Program (RTIP)* and/or future RTC budget amendments, as appropriate.

SUMMARY

In 2019, the RTC will be approving projects to receive regional shares of funds and prioritizing projects to compete for federal and state grants. Staff recommends that the

RTC provide input on the list of priority projects for future funding opportunities and option for programming RTC discretionary funds.

Attachments:

1. Preliminary Priority Projects list - Revised
2. RTC Discretionary Fund Descriptions
3. Leveraging Discretionary Funds on Competitive Grants for Regional Priorities
4. Letter from Matt Machado, County Public Works

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DRAFT - FOR DISCUSSION PURPOSES¹

Attachment 1: REVISED

Priority Regional Projects - Candidates for state, federal, and regional grants

SB1 and Measure D provide new funding to address some of the backlog of transportation needs in Santa Cruz County. The majority of SB1 funds are dedicated to repairing and maintaining the existing multimodal transportation system. In addition to funds allocated by formula to Caltrans to maintain state highways, cities and counties for projects on local streets and roads, and transit and regional agencies for transit projects, there are several competitive grant programs focused on increasing biking and walking, reducing congestion, improving goods movement, and expanding transit and rail. Additionally, the RTC has discretion over about \$6-7 million/year from state and federal funding programs. The following list includes priority projects in Santa Cruz County that have consistently been identified by the public, project sponsors, the RTC, and/or its citizen advisory committees that SB1 can fund. Some projects or portions of projects may also be funded from Measure D and other funds.

Near Term Priority Projects (not in priority order) - Candidates for 2019 & 2020 Grants (includes SB1-Conges. Corridor, LPP, ATP; STIP, STBG/RSTPX, HIP)		
Lead Agency	Project	Estimated Total Cost
	Highway 1	
RTC/CT	Hwy 1 Aux Lanes: 41st to Soquel Ave and Chanticleer Bike/Ped Bridge	\$34,000,000
RTC/CT	Hwy 1 Aux Lanes: State Park Dr to Bay/Porter (Aptos-Capitola/Soquel Village)	\$83,000,000
RTC/CT	Hwy 1: Bus on Shoulders (construction, does not include vehicles/operations)	\$2,000,000
RTC/CT	Hwy 1: Auxiliary Lanes from State Park Dr to Freedom Blvd: environmental review	TBD
SC	Hwy 1/Hwy 9 Intersection, City of SC	Approx. \$8M
WAT	Hwy 1 Bike/Ped Bridge @ Harkins Slough Rd	\$8-12M
CO	Hwy 1 Bike/Ped Xing @ Mar Vista	\$13,000,000
	Monterey Bay Sanctuary Scenic Trail Network (MBSST)	
SC	MBSST - Sections 8 & 9 construction (SLR-Live Oak)	\$28-35M
SC	MBSST - Segment 7 -ph 2	\$8-10M
WAT	MBSST - Segment 18	\$2-4M
	Soquel/Freedom Blvd (UCIS)	
varies	Buffered/protected bike lanes - Robertson to State Park Dr	\$2,700,000
varies	Intersection improvements	\$2,400,000
varies	Hwy 9 Corridor Improvements: Various bike, pedestrian, transit, intersection, and safety projects.	\$15-50M
varies	Hwy 9: Graham Hill Road to Glen Arbor Safe Routes to Schools	\$3-5M
CO	SR152/Holohan Road Intersection - \$1.5M shortfall	\$1-3M
MTD	Metro Center - Pacific Station Renovation (downtown SC)	\$25,000,000
MTD	ParaCruz Operations Building	\$10,000,000
	Ongoing Projects	
cities/Co	Local Street and Road Pavement Preservation - over \$100M backlog	\$100-150M
varies	Countywide Bike and Ped projects	\$100-150M
MTD	Ongoing Santa Cruz METRO bus replacements	\$6.5M/year
varies	Streets Smarts Education/Safety - Vision Zero programs	\$100k/year

Priorities Identified as Candidates for future grant cycles	
varies	Storm Damage Repairs- Countywide
SC	Hwy 1/Mission St/Chestnut/King/Union Intersection Improvements, City of SC
SC	Hwy 1/Mission St/Bay St Intersection Improvements, City of SC
CO/CT	Davenport - Hwy 1 crossing improvements
TBD	Hwy 1 Interchange Improvements: 41st Avenue, Soquel Avenue and Morrissey Blvd.
TBD	Hwy 1 NB Auxiliary Lane Larkin Valley Rd. to Freedom Boulevard
SC	Hwy 1 San Lorenzo River (SLR) Bridge, City of SC
TBD	Hwy 9 Corridor Improvements: mid-term priorities
CT/SV	Hwy 17/Mt. Hermon Rd. Ramps/Interschange Operations; add lane to SB off-ramp, Scotts Valley
CT	Hwy 17 Access Management Improvements
CT	SR 17 from Granite Creek Rd to Summit Rd: multimodal improvements
CT	SR 17 from Granite Creek Rd to Summit Rd
CT	SR 17 at Vine Hill Rd: Construct interchange
CT	SR 17 from Sugarloaf Rd to Laurel Rd: Construct interchange
CT	SR 17 at Old Santa Cruz Hwy: Construct interchange
varies	Monterey Bay Sanctuary Scenic Trail Network (MBSST)
RTC/CFL	MBSST - Segment 5/North Coast- ph 1 cost increases, mit measures, and ph2; \$10M
CO	MBSST Segment 10-12
varies	Goods Movement
TBD	Highway 129 Safety, Freight and Complete Streets study
CT	Highway 129: Highway 101 to Hwy 1 Freight and Safety, includes improvements at Lakeview intersection, severe congestion at other intersections.
CT	East Lake Ave-(Hwy 152) Widening (Martinelli St-Holohan Rd) - Goods Movement
CT	Watsonville Freight Rail, bridge; links to landfill; partnership with Progressive Rail;
CT	Highway 1 - Scott Creek bridge restoration
CB	Community Bridges Lift Line Operations Building
RTC/MTD	Unified Corridor Investment Study Priorities - Transit
TAMC	Pajaro Station- partnership with TAMC
RTC	Santa Cruz Branch Rail Line Infrastructure Preservation
RTC	Countywide railroad crossing grade improvements

1-NOTE: This list is not in priority order and has been developed by the RTC over several years. Last reviewed by RTC board in 2017. Other agencies are concurrently being asked for updates lists of priority projects, as noted at the April 2019 ITAC meeting.